316 tive Middle Europe can gradually increase their output of coal,
433 and thus can assure a constant growth of their basic source of industrial energy. Much progress in that direction can be made through high investments and multiple technical improvements, as well as by better organization of production. But the "normal" conditions presuppose that the targets for coal output remain within the range of feasibility and the miners are assured of a minimum acceptable standard of living. In the course of 1951, either one or both of these conditions were not kept by most of the satellite governments, and the planned output of coal is at present exposed to considerable danger.

In February-March 1951, under relentless pressure from Moscow, the Czechoslovak and Hungarian governments were forced to decree a notable speed-up of their long-range industrial plans, equivalent to boosting their annual quotas of production from the beginning of 1951. The Czech 1953 target for coal has been increased from 20.8 to 25 million tons and that of lignite from 32.2 to 38.6 million; the Hungarian 1954 target for both coal and lignite from 24.2 to 27.5 million tons. *Ipso facto*, the annual targets for 1951, 1952, and future years, have been boosted accordingly. Since the old targets were already high, it is perfectly legitimate to doubt whether these new plans can be fulfilled in time. In the light of recent statistical data, Czech coal mining is fulfilling the old plan but not the inflated new one. The same seems to be true in Hungary.

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466 Quite apart from the real or apparent unfeasibility of the two coal plans in question, the recent acute food shortage in most of the captive area (except in Eastern Germany and possibly Bulgaria) has resulted, since the early fall of 1951, in an appreciable lowering of the standard of living of all industrial workers, and of coal miners in particular. The reasons for this food shortage are many: one of them is a long period of drought in most of the captive area and the consequent loss of much of the potato crop, the staple food of the population. Even if the bread grain crops were satisfactory, the shortage of potatoes would be a major calamity for men and animals alike, and by

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itself would lead to a shortage of meat, especially pork. This current emergency caught the satellite governments unprepared, the more so because they had been stripping their countries of foodstuffs by military stockpiling, sending vast amounts of meat, sugar, and other staples to Russia and Red China, and antagonizing the peasant producers of food by ever increasing taxes, supply quotas, and other forms of persecution and chicanery. The net consequence of such policies and practices is that in many industrial areas of captive Middle Europe the people have had very little meat since the summer of 1951. Their supply of sugar, vegetables, and potatoes has also been very short. The Polish, Czech, Hungarian, and Rumanian coal miners were already badly housed, badly clothed, and overworked. Now they are also badly fed, and they may be — or actually are — incapable of working as much as is expected. The lowered efficiency of the miners means less coal and less coal means in turn less electric power, less machinery, and less chemicals. A shortage of fuel may be equivalent to a nonfulfillment of industrial targets all over the four countries in question.

Statistical data naturally lag behind the real situation in industry. At the end of 1951 the available statistical figures were not yet fully reflecting the most serious consequences of the food crisis. However, they were indicative of a trend toward a depression in coal mining.

In Poland the coal target for the third quarter of 1951 was not fulfilled, and the actual production was only 2 percent higher than a year before, instead of the expected 5 to 6 percent. During the first half of 1951 coal extraction in Rumania was nearly 8 percent behind the plan, although it was claimed to be 26 percent above the output during the corresponding period of 1950. In the same period in Hungary coal was 6 percent behind the schedule, although again production was claimed to be 22 percent higher than 1950. In Czechoslovakia the slump in coal production was much more pronounced. It began by a temporary failure of production towards the end of 1950; even though it was overcome, the Czech government found itself unable

TABLE 2

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ANNUAL CONSUMPTION OF BASIC FOODSTUFFS IN PRE-WAR EASTERN EUROPE

(in lbs.)

	Wheat & Rye	Maize	Potatoes	Sugar	Meat	Milk	Fats	Eggs (No.)
Poland	392	—	550	27	50	260	21	90
Czechoslovakia	275	25	280	47	63	290	40	169
Hungary	550	—	220	26	57	240	30	95
Romania	245	400	110	15	55	140	25	90
Yugoslavia	265	340	130	12	44	160	18	45
Bulgaria	440	—	35	12	45	150	19	80
Denmark	265	Nil	250	117	124	410	67	115

* *Agrarian Problems from the Baltic to the Aegean*, pp. 44.

241 311 The land, some of it rich, but most of it poor, was exploited in a backward fashion – in Bulgaria and Yugoslav Macedonia many of the peasants worked with a wooden plow not very different in design from one described by Virgil in the *Georgics* 19 hundred years before. The inevitable subdivision of the land among the peasant's sons made application of modern agricultural techniques virtually impossible, and the accumulation of sufficient capital to purchase such equipment out of question. In addition, growing rural over-population kept farm wages low, and made the use of modern machinery uneconomical from the peasants' point of view. [435] Above all, the peasantry was oppressed by the traditional "price scissors," or the disparity between the prices received for their crops on the urban market and prices paid for industrial products, a relationship which arose from the "small domestic market for agricultural products and the small supply of manufactured goods produced by domestic industry."[19]

But the trouble lay not merely in the backwardness of the peasant agricultural system. The political structure of the country, either conservative or semi-fascist, tended to favor urban groups. In the allotment of national resources such projects as peasant

[19] Moore, p. 89.

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CHAPTER III

SCARCITY OF CAPITAL

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Problems of Agricultural Development

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AN EXAMINATION of the economic situation of the countries of Eastern and South-Eastern Europe will make it obvious that no redistribution of the national income and wealth will by itself radically improve the condition of the people. For example, if the total agricultural land of the countries (and not, as has been the case, merely the large estates) were distributed equally among the peasants ('Black Distribution' in the phrase of the Russian revolutionaries under the Tsar), the main result would be the equalisation of poverty. As long as the majority of the people are engaged in agriculture and the producivity of labour in agriculture is as low as it is today, no real improvement of their condition is possible.

The level of output of agriculture per head of the agricultural population in Eastern Europe is very low, as can be illustrated by comparing it with other regions. It is, of course, difficult to compare the agricultural productivity of different countries, which produce various products in differing proportions. Fortunately Wilbert E. Moore has undertaken an important statistical work, attempting to fulfil this task for different European countries (op. cit.). He weighs the quantities of agricultural goods produced according to a uniform set of value rations which he calls the Crop Unit (C.U.). For the years 1931-5 on the average, the results were as follows (see top of page 45) (the index calculation has been made from Moore's absolute figures).

Although there are differences in the productivity of agriculture as between the different countries of Eastern Europe, there is a much greater *inequality* between Western Europe as a whole and Eastern Europe as a whole, the latter's productivity being 4-5 times lower than the former's.

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AGRICULTURAL PRODUCTION PER PERSON DEPENDENT ON AGRICULTURE AND PER MALE ENGAGED IN AGRICULTURE

	Per Person Dependent on Agriculture		Per Male Engaged in Agriculture	
	Crop Units	Index Denmark = 100	Crop Units	Index Denmark = 100
Denmark	152	100	411	100
England and Wales	137	90	306	74
Netherlands ..	114	75	302	73
Switzerland	84	55	213	52
Belgium	95	62	230	56
France	75	49	204	50
Germany	84	55	244	59
Czechoslovakia ..	45	30	146	36
Hungary	33	22	96	23
Poland	21	14	72	17
Rumania	21	14	67	16
Bulgaria	20	13	70	17
Yugoslavia ..	17	11	55	13
Albania	10	7	32	8

(p. 35).

The large extent to which this is the *direct* result of the greater density of the agricultural population in Eastern than Western Europe becomes clear if the number of hectares of agricultural land per person dependent on agriculture in the different countries is compared. Taking the number in Denmark as 100, the comparative figures are:

Denmark	100	Czechoslovakia ..	54
England and Wales ..	112	Hungary	59
Netherlands	47	Poland	44
Switzerland	35	Rumania	46
Belgium	57	Bulgaria	20
France	108	Yugoslavia	37
Germany	71	Albania	22

It is clear that there is no exact correlation between countries arranged according to productivity per person dependent on agriculture and according to the quantity of agricultural land per person dependent on agriculture. But that there is a certain correlation can be seen by comparing the countries of Western Europe as a group and the countries of Eastern Europe as a group. In the first group there is twice as much agricultural land per person dependent on agriculture as in the second.

The great density of the agricultural population in Eastern Europe compared with Western Europe goes some way to explaining the low productivity per head of the agricultural population in the former compared with the latter. There is another factor that must be mentioned if the explanation is to be complete, namely, that the agricultural output per unit of

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241 area is much smaller in Eastern Europe than in Western
●511 Europe. This is shown clearly in the following table:
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AGRICULTURAL PRODUCTION PER HECTARE OF AGRICULTURAL LAND

	Crop Units	Index		Crop Units	Index
Denmark	57	100	Czechoslovakia	31	54
England and Wales	46	81	Hungary ..	21	37
Netherlands ..	91	160	Bulgaria ..	19	33
Switzerland ..	89	156	Poland.. ..	18	32
Belgium	63	111	Rumania ..	17	30
France	26	46	Yugoslavia ..	17	30
Germany	44	79	Albania ..	17	30

If the agricultural population of Eastern Europe is to have the same quantity of agricultural products per head as in Western Europe, not only must half of them be removed, but the agricultural output must be doubled.

The low productivity in Eastern Europe is not the result of
[134] infertility of the soil. On the contrary, the soil of Eastern Europe, and especially the excellent black soil of the Danube Plain, is on the whole much richer than the naturally poor soil of Western Europe. The low productivity is due to three main causes, the scarcity of livestock, the scanty use of fertilizers and the lack of agricultural implements and machinery.

LIVESTOCK DENSITY (1938)

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	Cattle per 100 ha. Agricultural Area	Pigs per 100 ha. Arable Land
Czechoslovakia ..	59.1	65.3
Hungary	24.9	55.3
Poland	41.3	40.6
Rumania	23.5	23.5
Bulgaria	41.0	22.1
Yugoslavia	29.8	46.0
Germany	69.8	122.5
France	45.2	34.4
Denmark	103.1	106.1

(PEP—Political and Economic Planning-*Economic Development in S.E. Europe*, 1945, p. 34).

In this table the figures for the countries of Eastern Europe include a large number of oxen and buffaloes which are used mainly as draught animals. In the quality of its livestock Eastern Europe compares even more unfavourably with Western Europe than in the quantity.

407 On the question of agricultural implements and machinery,
241 the PEP study states :

'The value of all agricultural equipment used per hectare of arable land was estimated by a Roumanian source at Lei 1,000

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(about £1) for Roumania, Lei 2,000 for Bulgaria, Lei 3,000 for Poland; as against Lei 15,000 for Germany and Lei 42,000 for Switzerland. So far as mechanical equipment is concerned, the disparity was even greater. According to a German source, taking the mechancial equipment per hectare of farm land (in terms of weight) as 100 for Germany, the figure for Bulgaria would be 14, for Yugoslavia 5, for Roumania 3.' (Ibid. p. 32).

A comparison of the extent to which fertilizers are used is equally unfavourable, as can be seen from the following table:

USE OF ARTIFICIAL FERTILIZERS, 1930-1940
(KILOS PER HECTARE OF ARABLE LAND)

	Nitrates	*Phosphates*	*Potash*
Czechoslovakia ..	4.4	8.9	5.0
Poland	1.1	2.3	1.4
Hungary	0.1	0.9	0.1
Yugoslavia ..	0.1	0.4	0.1
Roumania ..	0.02	0.06	0.01
Bulgaria	0.01	0.00	0.00
Germany	18.0	21.4	31.3
France	7.0	17.6	8.7
Denmark	10.7	24.1	7.9

(Ibid. p. 31)

There are a number of other factors which influence the welfare of the agricultural population. The Eastern European peasants suffered from the bad organisation of the marketing of their produce. Two examples will suffice. In Zürich 63 per cent of the retail price of milk went to the milk producer (the rest was divided between wholesale trade, retail and transport), and in Copenhagen 65 per cent; even in the United States where milk is delivered over very great distances the farmer got 46.8 per cent. As against this in Warsaw he got only 30 per cent, and in Belgrade 37.5 per cent (Ibid. pp. 94-5). The Survey of the Royal Institute of International Affairs, *World Agriculture* (1932), tells of a typical Rumanian barley farm, from which barley to the value of Lei 1,006 was sold. But the middlemen's profits and transport charges before the grain left Rumania amounted to Lei 1,202 (p.106).

The high prices of essential industrial goods further militated against the prosperity of the peasants.

The expensiveness of industrial compared with agricultural products in the period before the second world war is revealed by the following index figures of the variation of agricultural and industrial prices in Hungary (July figures):

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	1913	1925	1929	1933	1936	1937
Agricultural ..	100	125	114	57	71	80
Industrial ..	100	138	133	107	117	123

(E. Hertz, *The Economic Problem of the Danubian States*, London, 1947, p. 194)

The same phenomenon was expressed some time before World War II by a Croatian peasant speaking thus to an English investigator:

'Life is getting more and more difficult. The prices we can obtain are so very low. Look, before 1914 I could get two pair of boots for a hundredweight of wheat. Today I must give two hundredweights of wheat in exchange for one pair of boots. For one kilogram of nails, I must give one kilogram of wool. When I sold a sheep before 1914, I could buy fifty metres of cottons in exchange. Now I cannot get fifty metres of cotton-stuff even for four sheep.

'Things are no better on the coast of Dalmatia either. Before 1914 they could get a suit of clothes for a hectolitre of wine. Today they must give three hectolitres of wine for a suit. Before 1914 they could get ten boxes of matches for a litre of wine, today they must give a litre of wine for every single box.' (P. Lamartine Yates and D. Warriner, *Food and Farming in Post-War Europe*, London, 1943, p. 28).

High taxation added to the difficulties of the mass of peasants in Eastern Europe.

Last but not least, there was the burden of debts, a result of the poverty of the peasants and a very important contribution to it.

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There are two main groups of countries today whose agricultural populations enjoy a relatively high standard of living—on the one hand the corn and meat producing countries with large, highly mechanized farms (U.S.A., Canada and Australia), and on the other hand, countries like Denmark, Switzerland, Holland and Belgium which go in for intensive production of dairy products, meat and vegetables. In both cases only 20-30 per cent of the whole population is engaged in agriculture, the well-organised and highly developed agriculture being the accompaniment of an advanced industrial organization. The highly mechanized, extensive producers are dependent on a huge, world-wide market, the intensive producers are dependent on the existence of an urban population

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with a high standard of living which is able to pay good prices for the dairy products, meat, eggs, etc. (Thus the prosperity of Holland and Denmark depends on the prosperity of the urban population in Britain). In Eastern Europe the growth of grass and root crops is made difficult by the dry climate, and so, intensive production of meat, as in Denmark, Holland, Eire, England, etc., is impossible. But this does not preclude the production of milk and the raising of pigs. In some areas, there are excellent natural conditions for specialised crops, e.g., in Bulgaria and Serbia for tobacco and grapes. Other areas—and these form the greater part of Eastern Europe—are more suitable for growing corn, which could be done on the American model with tractors and combine harvesters, instead of with draught animals whose feeding takes up a lot of the arable land. In many places the best results could be achieved by mixed farming, combining mechanized corn growing with intensive production of milk, pigs, vegetables and fruits. But however agriculture develops in this area, experience has shown that the decisive factor in raising the standard of living in the countryside is the accessibility of expanding urban markets. No raising of the rate of agricultural production, no improvement in the standard of living is possible without rapid industrialisation, which will enable the surplus agricultural population to be absorbed, will provide a market for agricultural products and will supply agricultural implements and machinery as well as industrial consumption goods for the peasants. In addition the peasants need 'cheap government' and a cheap marketing system.

Problems of Industrial Development

If Eastern Europe is to be industrialised, large amounts of capital will be needed, which can be estimated by considering the number of people to be absorbed into industry. Obviously any such calculation can be only approximate and be put forward by way of illustration.

First there is the surplus population in agriculture. W. E. Moore calculated this by estimating what was a 'reasonable' European standard of agricultural population. The result was as follows :

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465 income groups. This gives an insight into the difference
651 between maximum and minimum incomes, but does not reveal the number of people falling within each group. Incomes of persons or enterprises up to 72,000 zlotys are tax-free (there are many who earn even less than 36,000 zlotys). The rate of tax goes on :

72,000—	80,000 zlotys—	2	per cent	income tax
100,000—	110,000	„ — 3·5	„	„
150,000—	170,000	„ — 7	„	„
190,000—	210,000	„ — 9	„	„
250,000—	300,000	„ —13	„	„
500,000—	600,000	„ —23	„	„
1,000,000—	1,200,000	„ —33	„	„
1,400,000—	1,600,000	„ —37	„	„
2,400,000—	3,000,000	„ —43	„	„
3,600,000—	4,200,000	„ —47	„	„
over 4,200,000		„ —50	„	„

(H. W. Robinson, Chief, Division of Operational Analysis, U.N.R.R.A. European Regional Office, London, *Finance in Poland*, p. 21).

To paraphrase Orwell: all men are equal, but some men are more equal than others!*

465 In Czechoslovakia, as has already been mentioned, it was
511 not uncommon (in 1948) to find factory managers earning 40
565 thousand crowns a month, while two-thirds of the workers in 1948 got less than 2,900 crowns a month gross (i.e. before payment of taxes, dues, etc.). In addition, those earning 40,000 crowns were given the free use of a villa, a car with a chauffeur and other perquisites.

Beneš's bourgeois liberal paper, *Svobodné Slovo*, stated, not unjustifiably, that the bureaucracy were 'living in the style of millionaires . . . enjoy every comfort and luxury, thanks to the villas and limousines which they have been allocated by the authorities and to their high incomes'. These people, the paper continued, are 'propertyless—in form only . . . ' (6th September, 1947). The standard of living of the masses, on the other hand, is very low, as even the official statisticians have to admit. As early as June, 1946, the monthly average wage of an industrial worker was 2,540 while the *food ration alone* of a family of three cost 2,721 crowns. And many earned less than the average of 2,540 crowns! Since June, 1946, the condition of the masses has deteriorated. The correspondent of *Associated Press* in Prague, did not exaggerate when he said on 15 July,

*In Russia the scale of income-tax starts with taxes on less than 1,800 roubles a year and ends with taxes on more than 300,000 roubles. (*Izvestia*, 6th April, 1940).

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1948: 'Czechoslovakia today can fairly claim to be the hungriest country in Europe—hungrier than even Austria'. The Viennese Socialist paper *Arbeiter Zeitung* wrote on 23rd June, 1948: 'Travellers who often come from Prague to Vienna report that in the last few weeks, for the first time, they have not taken goods from Prague to Vienna, but on their return from Vienna to Prague'. The paper adds particulars of prices on the black market in Prague. It is possible to cite innumerable facts to the same effect.

There can be no doubt about who suffered from the shortages, which were the result partly, but only partly, of the drought of the winter of 1947-8. The drought fails to explain either the acute shortage of textiles, shoes (in the country of Bata!) and other consumer goods, or the duration of the shortages.

It is clear from official data that the portion of the social product going to the workers is decreasing. In January, 1946, the total product of Czechoslovakian industry was sold for 9.09 milliard crowns; wages and salaries in industry itself came to 2.83 milliard crowns, i.e. 31.6 per cent of the turnover. A year later, in January, 1947, the total sales amounted to 15.66 milliard crowns; wages and salaries came to 4.03 milliard or 25.7 per cent of the turnover. This decline in the portion of wages and salaries was accompanied by an increase in the turnover per hour of work from 50 crowns to 78 crowns, a rise of 56 per cent (*Statistical Bulletin of Czechoslovakia*, published by the State Statistical Office, Prague, July, 1947). If the statistics had included only wages and not salaries as well, the decline would have been even bigger.

The journal *Účetnictví a Kontrola*, issued by the trade union publishing house, Práce, submitted the state budget to a detailed analysis in order to get an approximate estimate of the cost of the bureaucracy. This reveals that the travelling expenses of the administration proper—that is, the ministries, not including the administration of the nationalised industries—amounted to not less than 780 million crowns, the maintenance of automobiles to 180 million. How large these amounts are is clear from the fact that the expenditure on travelling of these bureaucrats would cover the difference between the meagre wages of about 300,000 families and a minimum living

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465 standard. In summing up, the article states: 'The public
511 administration swallows 48 per cent of the national income.
434 How will it be possible to raise the standard of living of the
656 whole people, how will the wide layers of the toilers be satisfied, how will it be possible to pay proper salaries to government clerks?' (From an article, 'Let us think about the Figures', quoted by V. Salus in the theoretical paper of the Czech Social Democracy, *Cil*, August 15th, 1947, under the interesting heading, 'Economic Democracy and the New Nobility').*

511 The division of the national income in Yugoslavia is not less
565 unequal than in the other 'People's Democracies.' Vernon
434 Bartlett, when in Belgrade, described the situation in the

*For a time the Communist Party leaders tried to cushion the conflict between the workers and the 'new nobility' by directing the hostility of the masses exclusively against the bourgeoisie. For example in October, 1947, in connection with the relief to the peasants who were suffering from the drought, the Communist Party raised the slogan 'Let the millionaires pay', and proposed as a solution the imposition of a property levy. Of course the bureaucracy, being 'propertyless—in form' would not have to pay anything. The Communist Party tried to overlook the fact that the portion of the national income of Czechoslovakia in the hands of the bourgeoisie was so small, only a quarter of industry being left in their hands, that the only possibility of seriously improving the conditions of the masses was by 1. cutting into the income of the bureaucracy; 2. raising the general national income; 3. preventing Russia from taking her cut from the national income.

The Communist Party claimed that there were 35,000 millionaires in Czechoslovakia. This is a large number, but it is much less impressive when it is realised that they were not pound sterling or dollar millionaires, but crown millionaires. A million crowns in July, 1947, was equal to five thousand pounds sterling. Even according to the Communist Party estimate the wealth of these 35,000 'millionaires' was only 50 milliard (According to the bourgeois paper *Svobodné Slovo* there were only 12,000 millionaires with a property of 22 milliard crowns). 50 milliard crowns is only about a quarter of the *annual national income* of Czechoslovakia.

The conditions of the masses could not therefore be substantially improved at the expense of the bourgeoisie, but only by improvements in the nationalised sectors of the economy and at the expense of the bureaucracy. This is proved by the distribution of the national income:

Personal Income at Factor Cost (thousand million of crowns.) 1947	
1. Entrepreneural profits in industry, trade and professions and private income from capital	22.0
2. Rentals and sub-rentals (including net rental value of owner-occupied dewllings	5.2
3. Independent agriculturists	25.4
4. Wages and salaries	125.9
5. Pensions of Government employees	5.7
6. Unfreezing of blocked accounts to people of limited means	6.3

In addition there were a number of other small items.

(Statistical Office of the United Nations, *National Income Statistics of Various Countries, 1938-1948*, Lake Success, New York, 1950, p. 59).

The figures speak for themselves. The possibility of increasing item 4 at the expense of item 1 is very limited indeed.

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following terms: 'Here, as in Moscow during the war, I am shocked that leaders who boast so much of the dictatorship of the proletariat should enjoy privileges that are relatively far greater than those enjoyed by any privileged class in Britain or in most of the other countries condemned by Moscow as Fascist and imperialist'. (*News Chronicle*, 26th April, 1949).

The situation was described sixteen months later by the correspondent of the *Neue Zürcher Zeitung* in the following terms: 'The social revolution in the eastern countries, which pretended to have the abolition of exploitation and inequality as its aim, leads in actuality to the erection of a *hierarchically ranked social order* with a whole number of privileged layers. This can be observed daily in Yugoslavia in the same way as in the Cominform countries and one will always be astonished at the way in which the bearers of the system take the privileges they enjoy for granted. The proletarians who stand in the queues near the bus stops look with greedy eyes at the lit-up American cars of the state leaders, resplendent in chrome and coloured varnish, which pass swiftly by them. The higher-ups of the State and Party travel in the latest model cabriolets, the great ones of second rank travel in limousines. Skoda and Opeldienst cars are at the disposal of high officers and officials.

'In the entrance to the People's Front Street in Marshal Tito Boulevard stands a big warehouse. Men in khaki or white uniforms with gold epaulettes go in and out. The *warehouse* is reserved *for officers* and their families. There they can buy clothes, shoes, furniture, carpets and other goods of better quality and cheaper price than the common mortal can buy. The officers get their food rations there too—far larger rations than those of workers and clerks. So large are these rations, that in the spring, at the time of the great food scarcity, peasants came to town in order to buy from the officers their surplus fat and flour at black market prices.

'It is obvious that the police and high officials also have their own store. The *warehouse of the political police* is even better supplied than that of the officers. Naturally these categories of the population also have their special rations. It is the same here as in the other Eastern countries: one who has a higher post and a higher salary also gets larger food rations and is less directed to the expensive free market than the poorly-salaried

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small man. Reductions in prices for the higher-paid instead of for those with smaller means . . . ' (*Neue Zürcher Zeitung*, 30th August, 1950)*

One aspect of the problem of the mode of distribution of the social product is this: to what extent is the differentiation between different income groups concomitant with national differences? How much of the cream of the milk produced in the satellites is in the form of higher personal incomes for Soviet officials? These facts are unfortunately covered by a veil of secrecy. Some facts, however, have emerged. A letter of the Central Committee of the Communist Party of Yugoslavia to the Central Committee of the Communist Party of the Soviet Union (dated 13th April, 1948) stated: 'The wages of the Soviet experts (working as advisers in Yugoslavia—Y.G.) were four times as high as the wages of the commanders of our armies and three times as high as the wages of our Federal Ministers. The commander of one of our armies, a lieutenant-general or a colonel-general, then had 9,000 to 11,000 dinars a month, and a Soviet military expert, lieutenant-colonel, colonel and general had from 30,000 to 40,000 dinars. At the same time our Federal Ministers had a salary of 12,000 dinars a month.' The reply of the Central Committee of the Communist Party of the Soviet Union (dated 4th May, 1948) did not deny the correctness of these figures, but claimed as an extenuating circumstance the fact that the Yugoslav generals also got 'apartments, servants, food, etc.'

The paper *Glas*, the organ of the People's Front of Serbia, in its issue of 16th December, 1949, gave another example of the same thing. Near Sofia an automobile factory employing Russian, Czech and Bulgarian specialists was being built. The salary of the Russian specialists was 2,000 levas an hour, of the Czechs 2,000-3,000 levas a day, and of the Bulgarian 250-300 levas a day. These differences were certainly not due mainly to differences in skill.

*Since then a big change has taken place. On 14th October, 1950, Marshal Tito signed a decree abolishing special privileges in the supply and distribution of rations and consumer goods, doing away with the special shops of the upper bureaucracy, and transferring all villas and rest homes hitherto reserved for the privileged to the tourist industry. Whether this is a temporary measure resulting from the terrible drought and famine of the 1950-51 winter, it is too early to say.

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461 241 423 474 To add to the difficulties of the poor agriculturists, not everyone has to give the same number of labour days. The higher strata of kolkhozniki give far fewer labour days than the poor kolkhozniki. The reward for their labours, however, is in inverse proportion to the time contributed.

There is less justification in calling the Russian agriculturists of today owners of the means of production than the serfs of the nineteenth century.

Miss D. Warriner in 1940 noted as regards the productivity of Russian agriculture: 'Russia both before and after collectivisation had a lower productivity than Eastern Europe . . . Russian collectivisation has not really achieved much increase in productivity through reforming the peasant system. Yields are still lower in Russia than in every part of Eastern Europe, cattle density is still much lower . . .' (*Eastern Europe after Hitler*, London, 1940, p. 4). In another place Miss Warriner writes: '. . . the physical output per man in corn is slightly higher in Russia than in the very poorest regions of Eastern Europe, and the value in terms of industrial products certainly lower'. (*Economics of Peasant Farming*, London, 1939, p. 188). As regards the standard of living of the Russian agriculturists in relation to those of Europe Miss Warriner says: 'As things are at present, on the basis of purchasing power, the Russian farmer is certainly not so well off as the peasants in Poland'. 'On the Russian farms meat consumption must be much lower than in Poland, and milk consumption must be lower also'. (Ibid. pp. 188, 189).* To gain a rough idea of what the standard of living of the Polish peasant was before the war, we quote the following passage: The Polish peasants' 'poverty was proverbial. It was said that during the depression the peasant would split a match four or five times, and would boil potatoes over and over again in the same water to save the salt . . . According to the Polish Minister of Finance the average cash income of the peasant in 1934-5 was eleven groszy (about one penny) a day . . .' (Henryk Frankel, *Poland, The Struggle for Power 1772-1939*, London, 1946, p. 134).

511 423 474 241

Miss Warriner's analysis, based on Soviet statistics, conforms

*It is regrettable that Miss Warriner in her new book *Revolution in Eastern Europe* (London, 1950) in the chapter 'Collective Farming' overlooks what she herself wrote on the question of collectivisation in Russia in *Economics of Peasant Farming* and also in *Eastern Europe After Hitler*.

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with the conclusion Victor Serge reached from his direct contact with Russian toilers: 'The vast majority of the peasants live more poorly than before the collectivisation, that is, on the whole, at a level lower than pre-war' (i.e., pre-World War I) (op. cit. p. 37). [511] 241 423 474

The peasants did not gain anything out of the 'collectivisation', but that does not detract one iota from the success of 'collectivisation' from the standpoint of bureaucratic state capitalism.

Miss D. Warriner was quite right when she said of the results of 'collectivisation' in Russia: 'Apparently, then, most of the increase in output could have been achieved by extending the State farms in the sparsely settled and uncultivated regions, without collectivizing the peasant villages in the already settled parts; had there been no collectivization, then all the loss of capital through livestock slaughter would have been avoided and corn production in 1931 and 1932 would have been maintained'. (*Economics of Peasant Farming*, op. cit. p. 174). This is true. But then the state would not have got such a large part of the agricultural output for nothing!

The Satellites Follow in the Footsteps of Russia

Undoubtedly the circumstances in which the collectivization of agriculture is being and will be carried out in the satellites are to some extent different from those in which it was carried out in Russia. In part they will moderate its results, and in part will render them more severe. The moderating influence will be the lesson learnt from the experience of Russia, which will prevent the Communist Party from making similar mistakes in the satellites; namely, rushing through 'collectivisation' at a feverish pace, far outstripping the development of the necessary technical basis for large-scale farming, and then hastily retreating;* and secondly taking all the livestock—cows, sheep, poultry—away from the peasants and putting them into the kolkhozes, and then reversing their policy after half the livestock had already been slaughtered. 423 474

*In October, 1929, 4.1 per cent of all the peasants were included in kolkhozes. Five months later, on 10th March, 1930, 58.0 per cent were. There followed a hasty retreat, and in September of the same year only 21 per cent of the peasants were in kolkhozes. Only after this mismanagement did the tempo of collectivization begin to be less erratic, even though the compulsion to enter the kolkhozes remained very strict for the peasants.

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member of the Government, it was learned today. Rumania could not afford to lose the services of merchants and industrialists, M. Pătrăscanu said. He expressed the opinion that the country would pursue a more liberal policy toward this class than the French have.' What an outcry there would have been in the Communist press if a similar announcement had been made by a non-Communist Minister in the West!

Tătărescu did not hesitate to attack 'anarchists' (i.e., workers). In an interview with *The New York Times* correspondent in Bucharest on 21st October, 1945, he declared that a strenuous discipline must be introduced in industry and an end brought to the 'excesses' of the workers' committees.

It was hardly surprising that the capitalists faced the future with perhaps a little anxiety even if they were satisfied with the existing state of affairs. There was great optimism among businessmen, as the serious Swiss paper *Neue Zürcher Zeitung* pointed out (10th February, 1947) giving this illustration: 'As the Bucharest economic journal *Finantze si Industrie* reports, in the last year (1946—Y.G.) in Rumania there were established 355 new stock companies with a total capital of 20.3 milliard Lei.'

For years business continued to be good and speculation in the free market active, although the conditions of the working people were appalling and, after the drought of 1946-7, starvation stared them in the face. Some idea of the conditions of the people at this time can be got from '*A Survey of the Health of the People in Several European Countries affected by the War* published on November 19th, 1948, by *La Documentation Francaise* and consisting of reports of the International Committee of the Red Cross which describes the dreadful tragedy which overtook Rumania, the country most affected by the drought: 'It is difficult to convey the misery of the Rumanian population in 1947: famine prevailed in whole sections of the country, in some regions people were eating grass and the bark of trees and even clay. It is estimated that 6,000,000 persons were dependent on the government in 1947-48. Here are some of the consequences of the famine and misery which prevailed in this country: 1. The complete disappearance of little children in some districts . . . infant mortality actually reached a rate of 80% . . . 2. An increase of

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all kinds of diseases and a steep rise of the mortality rate; corpses were thrown into sewers adjacent to the houses. 3. Universal poverty conducive to the spread of venereal diseases . . . one out of twelve persons is syphilitic according to recent reports furnished by the Minister of Health . . .'

All this time the fortunes of the capitalists were not touched as they were working for reparations for Russia. They and the new state bureaucracy flourished, while the lion's share of the surplus value produced in Rumania was taken, of course, by the Kremlin.*

The bureaucratic and militarist character of the Rumanian state was not altered and many of the former officials remained in office. Of the legal system, Pătrășcanu could say: 'The procedures, methods, traditions and structure of Rumanian jurisprudence have remained unchanged since a Communist became Minister of Justice. No more than 20 new judges out of 2,000 have been appointed. About a quarter of the old staff have been purged or pensioned'. (*Christian Science Monitor*, 12th December, 1945). This policy is symbolised by the fact that 'Just two weeks before the start of the trial of Iuliu Maniu . . . a discreet announcement was published in Bucharest newspapers recording the appointment of a new chief of the military tribunal of the second army corps district (the one to preside over Maniu's trial—Y.G.) . . . the wartime director general of all prisons and concentration camps in Rumania'. (*New York Herald Tribune*, 7th November, 1947).

The structure of the army remained hierarchical, with the complete subordination of the soldiers to their officers, and with no soldiers' committees. For three years even the composition of its personnel showed a marked continuity with the past. For instance, Lieutenant-Colonel Nicolae Cambrea, commander of the Rumanian units fighting against Russia at Stalingrad, was promoted by the Groza government to the rank of General, and appointed Assistant Chief of Staff. Major Popescu-Argetoia, an active Fascist in the past, was put at the head of the secret police. General Vasiliu Rascanu, Chief of Military Police during the war against Russia, was appointed Minister of War. Another old general, Pretorian, was appointed Chief of Staff at the same time. General Lascar,

*See above pp.

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ism with socialism, in the belief that political democracy should be accompanied by "economic democracy." 829 565

The importance and influence of liberalism in this region did not, therefore, rest with any particular political parties or social groupings which gave themselves the liberal label or which explicitly professed liberal principles. The influence of liberalism lay in the force of the liberal ideology which exercised influence on the whole national community.

It is often held today, due to the conception of liberalism held in Anglo-Saxon countries and, to some extent, in other countries of Western Europe, that the influence of liberalism in the Eastern European countries was not of great importance. This is accounted for by a theory that the so-called middle classes were weak and that the popular masses, predominantly peasant, had a low social and cultural standing. Czechoslovakia is cited as an example to support this analysis. It is said that Czechoslovakia was able to maintain her democracy because she had an influential and prosperous middle class and because the cultural level of her population was approximately the same as the cultural level of the West. There is no doubt that a weak middle class and a low social standard among the popular masses were serious handicaps to the development of liberal democracy in the agricultural countries of this region. Liberal democracy required, from the social and economic points of view, not uniformity and equalization, but a diversified and well-balanced social structure and an economy with a fair degree of balance between industry and agriculture. Above all, liberal democracy required the "liberal spirit," a combination of a desire for freedom, a devotion to political and social rights, and an eagerness for justice. The existence of liberal democracy, therefore, cannot be defined in terms of social and economic requirements alone. 829 565 511

In support of this premise, several examples can be cited. Before the First World War, in the small Serbia of King 829 511

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829 Peter I, there was much more freedom, in spite of the social
● 571 and cultural backwardness of the people, than there had been under the dictatorship of the Crown in the '30's when the economic and social level of the country was much higher than in prewar years. It is sufficient to compare the liberal Radical, Nikola Pašić, with the unprincipled opportunist Milan Stojadinović (whom Ciano praised as a "true fascist") to realize that the betterment of economic conditions did not prevent the disintegration of democracy in Yugoslavia. Between the two world wars, Poland progressed economically and made great strides in industrialization, yet from 1926 on she was subjected to the semidictatorship of Pilsudski.

[433] In Hungary, after the First World War, the economic situation was not much better than it was in Austria. Yet, in spite of both this and the reactionary regime of Admiral Horthy in Budapest, some vestiges of liberalism survived even the Second World War. In Austria, in spite of the substantial influence exercised in Vienna by the Social Democrats and by the liberal bourgeoisie, a semidictatorial regime was installed in 1934. Germany's economic and social structure was more advanced than that of Czechoslovakia. The grave economic crisis of the '30's caused wide unemployment in both these countries, yet the small Czechoslovakian Republic remained faithful to liberal democracy until she fell before Nazi aggression, while in Germany Hitler was already in power in 1933.

829 These examples are surely sufficient to show that the strength or weakness of liberalism in Eastern Europe did not depend solely, or even mostly, upon economic and social conditions. These were certainly very important factors, but of more importance were the psychological climate and the political tradition within each individual nation. Czechoslovakia remained democratic until her fall because, ever since the Hussite revolution in the fifteenth century, the substantial majority of both Czechs and Slovaks had been

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423 cause the land was becoming exhausted. This was due to a
241 lack of manure and fertilizer and to the peasants' ignorance of land preservation techniques.

[444] Labor remained so cheap that the introduction of labor-saving devices did not pay. Overpopulation meant that there were more people living on holdings than were needed for the farm work. This situation caused underemployment. Since overpopulation decreased the output per man and with it the earnings per man, a very low standard of living resulted.

423 The size of the farms, which on the average was barely
656 ten acres, was a problem in itself, and the custom of dividing
185 land after the death of a peasant made the situation even more acute. The holdings consisted of many small and scattered strips so that it was impossible for the peasant to use machines, even when they were available. However, the land reforms, carried out after the First World War by the different governments, did have some success in equalizing the amounts of land held by the different peasants.

The land reforms grew out of political and national considerations rather than out of social and economic policy. The first and main objective of the agrarian parties was to expropriate the big landowners and to transfer their land to the peasants. The usual procedure was to fix a maximum acreage, usually about five hundred acres, and to decree that all land in excess of this amount should be sold to peasants, either to create new farms or to add to the area of peasant farms already in existence. Under these reforms, about twenty-five million acres were distributed, for the most part in quite small plots, averaging one hectare, or 2.4 acres. The smaller farms were given more land than the large, so that there was some leveling of the incomes derived from farming.

162 These reforms did not remedy the unhappy condition of
464 the peasantry, since they were unable to remove the main
51 causes for distress. If all the agricultural land of this region

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had been distributed equally among the peasants, the main result would have been the equalization of poverty. It was obvious that redistribution of the national income and wealth could not, by itself, greatly improve the condition of the people. The surplus agricultural population which was estimated, on the basis of the system of cultivation prevailing in that area, to be about fifteen million persons had to be absorbed, and that was an insoluble problem. This problem was heightened by the fact that between 1919 and 1939 the natural increase of population in this area remained almost three times as high as that in the West.

Some alleviation of the situation was sought in the development of industries. However, industrialization was a long-term measure, and the expense only added to the peasants' burden. The fiscal policy of the Eastern European states was to accumulate the national capital necessary for industrialization by taxes, tariffs, and prices. No money, or very little, was left for the peasants.

II

It would be unjust, however, to say that nothing was done to improve the lot of the peasantry. The governments were well aware that the land reforms should be supplemented by economic measures such as agrarian credits, modern cooperatives, development of transport, cheaper farm machinery, technical education and training. A great deal was accomplished by these measures.

The supply of credit was particularly important to the peasants. The need for capital to begin operations and to finance certain family needs, especially the weddings of daughters, made borrowing necessary. As banks would not make advances, money had to come from moneylenders who charged very high rates of interest. Often, the moneylender was the middleman who bought the peasant's produce

178 per cent; and Czechoslovakia, 41 per cent. Thus it can be
162 easily seen that, with the exception of Czechoslovakia whose
241 industry was the most developed in the region, the countries of Eastern Europe were predominantly agricultural and peasant in nature. Yet despite the predominantly peasant character of these countries, the peasants as such had relatively little political influence.

178 Although there was an increase in the output of agricul-
241 tural goods in all these countries between 1918 and 1945,
● 511 the competition offered by overseas cereals strongly affected the agriculture of Eastern Europe. Cereals, one of the major products of the region, had to be undersold to Germany. Added to this unfortunate situation, the world depression of 1929 came as a terrible blow to the economy of Eastern Europe, the most disastrous years lasting from 1931 until 1934. Industry, with its frequent cartels, was better able to defend itself than was agriculture, and thus the "price scissors," or the disparity between agricultural and industrial prices, cut mostly into the income of the agricultural population. This resulted in a general lowering of both the purchasing power and the standard of living. Loans at high rates of interest were frequent and taxation increased the poverty of the peasants. These, as the major element of the population, pressed heavily for reforms and spread malcontent in their respective countries.

185 Soon after the First World War, some states realized that
167 the solution to this situation was industrialization. Emigra-
433 tion, as a possible solution, was not favored in any of the Eastern European states as it would have decreased manpower. Since war was considered more or less imminent after 1933, military and industrial groups were especially opposed to any large-scale loss of population, although emigration was never prohibited by actual government order.

185 Bohemia, which had been in a highly advantageous posi-
433 tion in the industrialization program of Austria before the

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433 tential in 1938 was, and still is, insignificant. It is claimed that in 1952 the industrial output of the area rose again by about one fifth.

An estimate of the relative industrial strength of the individual captive countries was made recently in a United Nations publication.[3] If the total industrial output of the area at the end of 1952 is taken as 100, the output of Eastern Germany constitutes 34 per cent of this total, that of Poland 27, of Czechoslovakia 21, of Hungary 9, of Rumania 6, and of Bulgaria 3 per cent. The total industrial output of the entire captive area is equivalent, roughly speaking, to nearly 40 per cent of the total industrial output of the Soviet Union.

195 All this rapid, even violent, industrial expansion cannot
471 be smooth and is, in more ways than one, terribly expensive.
● 511 There are no miracles in economics, and wealth can be
464 created at different rates of speed, but not at will. The tremendous increase of the state-owned industrial plant in this area is only feasible because the citizens have been deprived of their individual capital, because the consumer demand is being systematically curtailed, and because more and more of the national income, siphoned off by taxation, inflation, and other methods, is being reinvested in industry. This reinvestment is being done at great cost to agriculture. Quantitative industrial progress is also speeded up by the fact that the police state has the means to make everyone work. The prewar urban unemployment and, to some extent, the huge peasant underemployment, caused by the extreme subdivision of rural property, are things of the past. Billions of man-hours which were wasted before the war in enforced idleness are now used for production or, at least, are on tap for production purposes. On the other hand, a large proportion of the men and women kept in concentration and labor camps

[3] *Economic Bulletin for Europe* (Geneva: United Nations, 1952), Vol. V, no. 2 (July, 1953), p. 84, Table 1.

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produce litt'e, if anything, and the vast apparatus of standing armed forces, of police and poli ical supervision, of party machinery and propaganda, does not create wealth but consumes it. The onetime waste of unemployment has been partly supplanted by the waste of the immense state machinery of control and compulsion inherent in all totalitarian systems and particularly odious under Communism.

In addition to this costly political overhead, there are three other burdens to the national economies of these countries. One is the cost of planning both on a national scale and in minute detail, an economically unlikely proposition, resulting in duplication of work, omissions, bottlenecks, and other forms of economic confusion. This has been one of the main reasons why the Yugoslav Five Year Plan has never been fully realized. This type of waste can only be eliminated very gradually, if at all. The second type of waste is directly due to Communism. In the free world, private property is fairly generally respected and cared for by its owners and by the public at large. Public property, being the exception rather than the rule, also enjoys respect and cases of vandalism are few. In Eastern Europe, state property is the rule, and very few people give it proper respect. The Communists are aware of this general neglect and the ensuing injury to the economy but believe that in time society will be taught to take care of what is defined as people's wealth. However, during thirty-five years of Communism in Russia, there has been little progress in this direction. The third burden on the state economy is a specific feature of the countries of Eastern Europe. All of them have to pay heavy tribute to the Russian big brother. Russia exploits the captive nations in many ways: by reparations in kind, mixed companies, trade agreements, high prices for imports from Russia and low prices for exports to Russia, maintenance costs for Soviet troops, high salaries for Russian experts and advisers, and the like. These nations cannot express themselves on this topic, but

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hind the Iron Curtain that does not emphasize the eternal dedication of the People's Democracies to this fundamental concept. It is likely that some members in the lower echelons of the party are sincerely persuaded that this indeed is the case. Not so the ruthless social engineers among the top Communists. These experienced pupils of Moscow realize, of course, that in the Communist system there is a very definite hierarchy of goals, that first things have to come first, and that the expansion of industry comes before the welfare of the people. The two cannot be sought at the same time with the same intensity since the Communist state has not the means to proceed in both directions at once. There is reliable evidence that the four northern satellite governments opposed, insofar as they were able, the imposition on their countries of the immense goals and back-breaking burdens of industrial expansion. They regarded the enormously revised targets of 1950 and 1951 as burdens too heavy on their economies. Nevertheless, they had to yield to Moscow's pressure, which was probably connected with the outbreak of the Korean war. The relatively poor nations of Eastern Europe cannot afford both guns and butter. Since it had to be guns, butter has had to be delayed to a more or less distant future. If this is the case in the Soviet Union, it must be even more so in Eastern Europe. The result is a gradual, though uneven, lowering or at least stagnation of standards of living in Eastern Europe as compared to what they were during the first years after the recent war.

Such a generalization would, of course, be vehemently denied by the satellite governments. They publish statistical data to the effect that much new housing is being built, that more food is being produced and therefore consumed, and that the population is better clad with every passing year. A trained researcher will not accept these claims at their face value. The extremely generalized social statistics from this area are even less reliable than statistics on agricultural out-

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cause of the fuel shortage, makes a bitter joke of the Communist pledge to liberate the housewife from drudgery. There are a few brighter spots in this picture. The soldiers and policemen are well fed and so are the privileged classes of senior government and party workers, and of artists and writers. The numerical strength of these new, privileged strata of society is less than that of the pre-war middle class, and their standard of living is undoubtedly lower.

Data have been published lately that illustrate the low level of consumption of food behind the Iron Curtain. These data concern the increase of sales of certain staples in Czechoslovakia in 1952 over those in 1951, and, for once, they are disclosed not in meaningless percentages, as is the rule behind the Iron Curtain, but in absolute figures. An analysis of these figures shows the increase in sales of sugar and butter to the extent, respectively, of two ounces and less than half an ounce per capita per month. The alleged increase in sales of coffee actually lags behind the increase in the population. Only the amount of tea sold has really increased. However, the Czechoslovakians are not tea but coffee drinkers. They used to produce more sugar than they could consume before the war. Yet the text in question continues: "The above figures show that the standard of living of the Czechoslovak people is irresistibly on the upward trend." Another example is a long letter from a coal miner in Poland, whose only subject was a detailed description of how he tried in vain for weeks in the fall of 1952 to buy a piece of sausage. In his fury with the regime and "the Russkis" behind it, the humble writer rose to the rhetoric of a Patrick Henry and declared that since there was no sausage life was not worth living. "And to think that I actually used to grumble against the pre-war government!" was his final confession. It should be noted that pre-war Poland had a large surplus of pork.

In the summer of 1953, the Soviet government announced that it would take many measures to relieve the all too ob-

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vious shortages of consumer goods and to increase substantially the standard of living of the Soviet population. This announcement was followed by similar declarations in the captive countries. Their governments bound themselves to increase investments in agriculture, housing and light industries producing consumer goods. In Eastern Germany, Hungary, Czechoslovakia and Rumania, and somewhat later in Poland, qualified promises were made to the effect that the hitherto very rapid rate of heavy industrial expansion would be slowed down. At the same time two of the greatest works under construction in the area have been interrupted if not abandoned: the Danube-Black Sea canal in Rumania and, to all appearances, the huge HUKO iron and steel 'combinat' in Eastern Slovakia. These public statements were in themselves equivalent to an official admission that the condition of the population was miserable.

Time alone will show whether, and to what extent, these new policies will be realized. The bumper 1953 harvest in most of the key provinces of the area would undoubtedly relieve its food scarcity if it were not for the fact that a great deal of this harvest has been earmarked for export. The Soviet government stated recently that it would import food and consumer goods from Eastern Europe to the extent of some 660 million dollars, and Eastern Germany expects to import similar goods from this area, as well as from China which has little to export, in the amount of 125 million dollars. The captive area proper, suffering itself from an acute shortage of consumer goods, would thus be forced to contribute to the betterment of the Soviet and Eastern German economies at the rate of more than eleven dollars per capita of its population. Even if the governments of the area do their best to increase the standard of living of the working masses, much time must inevitably pass between the inauguration of the new policy and the actual increase in the production of consumer goods. For example, the present insufficient produc-

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511 tion capacity of cement plants and brick factories would have to be increased before there can be any question of more housing. This is but one example out of many of its kind. There is a manifest contradiction between the present Russian-enforced armament production in the area, which has not been curtailed, and the intended mass production of consumer goods. The two cannot be carried on simultaneously. For these reasons alone, the recent statements of the Communist governments should be regarded with much scepticism.

288 295 433 The situation as regards clothing and footwear is even worse. The problem of obtaining it is nearly insoluble for the average family. It is far more difficult than in Russia where millions wear Polish textiles and Czech shoes. To discuss this question in detail is beyond the scope of this essay. Suffice it is to say that, according to the present long-range plans, Eastern Germany expects to produce in 1955 only 1.3 pairs of leather shoes per capita, Rumania 1.2 pairs, Hungary 1 pair, and Poland 0.7 pairs. No one can say what proportion of this footwear will be earmarked for export to Russia and China or assigned in advance to the army and security police and what will be left for the population. It is for such reasons that behind the Iron Curtain it is illegal to photograph the people on the streets or to export abroad such documentary evidence of their poor garb.

657 745 In contrast to the situation regarding food, housing, and clothing, the number and range of social services have been considerably extended, and these state services should in all fairness be regarded as significant steps taken to offset the low standard of living. It is little known that prewar Poland and Czechoslovakia, not to speak of Germany, had state-operated systems of social insurance and public health more advanced than any existing at the time in France or the United States. These systems have been enlarged under Communism. The quality of their services is too often insufficient, but the

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were needed. Large parts of the area were exposed to Western methods of tax collecting, accounting, and fiscal policy, as well as public administration. They were exposed to the activities of modern bankers, and to a considerable extent to the practices of modern commerce, newspapers, and advertising. They were also exposed in large part to compulsory elementary public education.

As a result of these exposures in the nineteenth century, the peoples of Eastern Europe learned to accept completely the prevailing Western standards of theoretical science, as well as of intellectual and artistic life. They accepted to a considerable extent Western ideals of living standards, standards of consumption, wage levels, working conditions, and social welfare. Finally, many of them came to expect Western standards of farm prosperity, rural welfare, and peasant independence and cooperation. In sum, a large part of the populations of Eastern Europe accepted Western living standards as their goal, or at least as a pattern of their claims and expectations.

This rapid diffusion of Western-style claims and expectations was not matched by any comparable diffusion of Western-style work habits, savings and investment patterns, levels of productivity, or propensities to technological innovations. Land reforms in Eastern Europe were not only slow in coming, but they did little to increase productivity. The consolidation of separate strips of land, long accomplished in Scandinavia and Western Europe, was still not completed in Eastern Europe by the time of the Second World War. The tools and implements of artisans and peasants changed their traditional shape much more slowly in Eastern Europe than they did in Germany or England and pathetically more slowly than they did in the United States. Throughout most of the regions organized labor feared that increases in productivity would only lead to losses of employment. Employers and businessmen aspired to use the profits